

**DEPARTMENT OF INSURANCE  
CONSERVATION & LIQUIDATION OFFICE**

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May 3, 2000

To: The Brokers of Superior National Insurance Companies (In Conservation)

Re: Bankruptcy filing by Superior National Insurance Group

You will most likely have learned that on Wednesday last, April 26, Superior National Insurance Group filed for bankruptcy. Superior National Insurance Group is the holding company for the following regulated insurance companies which are presently in conservation and under the control of the Insurance Commissioner for the State of California.

California Compensation Insurance Co.  
Superior National Insurance Co.  
Superior Pacific Casualty Co.  
Combined Benefits Insurance Co.

**It is not anticipated that the bankruptcy of the holding company will have any material effect upon the ongoing operations of the regulated insurance companies. These companies, which are not subject to the control of the bankruptcy court will continue to accept new and renewal business without regard for the bankruptcy of the holding company.**

As previously advised, prospective policyholders of the regulated insurance companies will have the benefit of a Cut Through Reinsurance Agreement between the insurance companies and Lumbermens Mutual Casualty Company, a member of the Kemper Insurance Companies rated "A" (excellent) by A.M. Best Company. Pursuant to this agreement, which has been approved by the Superior Court, Lumbermens will issue "cut through" endorsements to be attached to each individual policy. These endorsements will provide direct access to Lumbermens in the event that the insurance companies are unable to meet their contractual obligations to policyholders.

Richard G. Krenz  
Special Deputy Insurance Commissioner  
Conservation and Liquidation Office